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Capital, Labor, and The Productive Process. These are followed by some practical applications under such headings as Trade-Unions and Strikes, The Trusts, and Socialism. That a general reconstruction of economic theory is possible along the line which the author marks out, must be admitted by everyone who will consider the matter seriously. It is quite possible to regard the entrepreneur as the central figure—as the direct descendant of the primitive producer who was primarily an entrepreneur, while the laborer, the capitalist and the landlord are later developments, performing secondary functions. Anyone who will read Mr. Hawley's argument will also be convinced that he is in contact with a mind of unusual force and acumen. The argument is well planned and consistently worked out. The present writer is not convinced, however, that the author's method and point of view are inherently superior to those of the classical school.

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*The Tobacco Industry in the United States.* Columbia University Studies in History, Economics and Public Law, vol. xxvi, number 3. By MEYER JACOBSTEIN, Sometime Fellow in Economics, Columbia University. (New York: Columbia University Press, Longmans, Green and Company, Agents, 1907. Pp. 208. \$1.50.)

The author of this monograph, now connected with the Bureau of Corporations in Washington, has covered a large field in a relatively small compass but has done it in an eminently satisfactory manner, and has shown both good judgment in his selection of facts and wise discrimination in the emphasis he has given to the different parts of the subject. Few readers of the work will be inclined to feel dissatisfied with the completeness of the author's statements or the reliability of his conclusions.

The first two chapters of the monograph are given over to a brief history of the tobacco industry in this country from its colonial beginnings to the period of its new birth, the Civil War. The author shows clearly how in colonial times the fiscal policy of the English government and the private pecuniary interests

of the king and the London Company combined to favor the stimulation of tobacco culture in the southern colonies. The cultivation of the tobacco plant was forbidden in England and Ireland in order to favor importation from the colonies, and doubtless the early adoption of this policy explains the ease with which this same prohibition is enforced today for fiscal purposes. In Virginia, too, the fiscal system of the Colony was largely due to the place occupied by the tobacco culture and tobacco trade in the social and economic life of the people. To most people it will doubtless be a surprise to learn that "one-half of all the colonists in America secured their livelihood from the cultivation and sale of tobacco." The origin of the plantation system of Virginia and Maryland and the use of slave labor is shown to have been directly due to the cultivation of tobacco, and the author believes that the use of slave labor in the colonies benefited not only the producer of tobacco but the consumer as well.

In seeking to explain the retardation of the tobacco culture and trade of the United States between 1775 and 1860 the author places slight emphasis upon the use of slave labor and the impoverishment of the soil, but assigns the slow growth of the industry to the following causes: (*a*) the stimulus given to foreign competition by the Revolutionary War and the War of 1812; (*b*) the commercial policies of European countries, notably the Berlin and Milan Decrees and the English Orders in Council; (*c*) the revenue systems of European countries which increased taxes on tobacco imported from America and encouraged cultivation at home; (*d*) greater profits secured by the planters through the cultivation of cotton. In the decade just prior to the Civil War a revival of tobacco culture took place owing to the introduction into North Carolina of the popular Yellow Bright varieties of tobacco, and the extension of tobacco culture in the northern states brought about by means of the use of fertilizers.

The greater part of the monograph is devoted to the tobacco industry and trade as they have developed in this country since 1860. Here the growth of the tobacco trust is seen to be the most conspicuous feature and its influence is felt in all departments of the industry, in the cultivation and sale of tobacco as well as in its manufacture. It has done much to develop the foreign market for American manufactured tobacco, particularly in the Orient.

It has through its system of selling agencies, especially the United Cigar Stores and the National Cigar Stands, reduced the costs of the distribution of manufactured tobacco of all kinds and eliminated much wasteful competition. It does not appear, however, that the consumer has as yet benefited to any great extent as a result of these savings, nor has the success of the trust been due, according to Dr. Jacobstein's showing, principally to the economies of consolidation. On the contrary it has relied largely upon its ability to crush its competitors by underselling them in the local market while at the same time it kept prices high elsewhere. In this task, however, it does not appear to have received much if any support through such contributory agencies as railway rebates or discriminating rates or through assistance furnished by the protective tariff. In fact, the most interesting feature to the economist in this account of the tobacco trust is the strong support which it gives to the idea that a monopoly may be formed when there is nothing else to assist it than its power to obtain large capital and to wield it in such a way as to destroy or intimidate real and possible rivals. Although the monograph was written months before the night riders among the tobacco growers of Kentucky and Ohio began their lawless operations, the reader will gain a clear idea as to the manner in which the system of marketing tobacco in that section of the country has assisted the trust in depressing the price paid to the producer for leaf tobacco, and has led to the organization of the Society of Equity to combat the power of the trust. In its efforts to depress the price of its raw materials the trust appears to have been aided by combinations formed with the agents of the European state tobacco monopolies. "Over seventy-five per cent of the entire southern supply is purchased by the trust and the 'Regie' agents."

Not only have the planters and the rival manufacturers felt the power of the trust, but in the labor market also has the influence of this great organization been revealed. The increasing use of machinery in most branches of the manufacture and the large number of women, children and newly arrived immigrants who find employment in this industry naturally tend to keep the wages low and the trust has taken full advantage of this congested labor market. It caused the disruption of the Tobacco Workers' Union in 1895, and since that union's reorganization has kept it

weak and inefficient. Only in the manufacture of cigars, where as yet the trust controls only about 25 per cent of the business, has organized labor been able to offer much resistance through the strong organization of the Cigar Makers' Union. This latter organization has done much in the way of shortening hours, raising wages and, through its benefit features, in improving the conditions of life of its members. This it has been able to do largely because of the advantages which its blue label gives to the manufacturers who employ union labor. Dr. Jacobstein expresses some doubts, however, as to whether this organization will be able to retain its present strength when the trust has secured control of the cigar industry as it seems probable it soon will do.

The monograph is written in an excellent style and proves easy and interesting reading. Perhaps the only serious criticism of the work from scientific standpoint is the lack of a bibliography. Even the references in the footnotes are not abundant and apparently do not include all the sources of information used by the author.

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*The United States Steel Corporation.* A Study of the Growth and Influence of Combination in the Iron and Steel Industry. Columbia University Studies in History, Economics and Public Law, vol. xxvii, number 2. By ABRAHAM BERGLUND. (New York: The Columbia University Press, Longmans, Green and Company, Agents, 1907. Pp. 178. \$1.50.)

Owing to the boldness and magnitude of the undertaking the great steel trust in this country has not lacked historians but most of the histories have been of a popular character and it is hardly too much to say that Dr. Berglund's essay represents the first attempt made by an American writer to give a complete account of the establishment of this the greatest of industrial consolidations, and to appraise in a scientific manner its present strength and future possibilities.

The author, who is now instructor in economics in the State College at Pullman, Washington, begins the work with a rapid